

DEPARTMENT OF HEALTH AND HUMAN SERVICES  
HEALTH CARE FINANCING ADMINISTRATIONFORM APPROVED  
OMB NO. 0938-0193**TRANSMITTAL AND NOTICE OF APPROVAL OF  
STATE PLAN MATERIAL**1. TRANSMITTAL NUMBER:  
03-0052. STATE  
Wisconsin

FOR: HEALTH CARE FINANCING ADMINISTRATION

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE  
SOCIAL SECURITY ACT (MEDICAID)TO: REGIONAL ADMINISTRATOR  
HEALTH CARE FINANCING ADMINISTRATION  
DEPARTMENT OF HEALTH AND HUMAN SERVICES4. PROPOSED EFFECTIVE DATE  
01/01/03

5. TYPE OF PLAN MATERIAL (Check One):

☐ NEW STATE PLAN☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN☒ AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION:  
42 CFR 447.200

7. FEDERAL BUDGET IMPACT:

a. FFY 2003	\$21,075K
b. FFY 2004	\$12,918K
c. FFY 2005	\$12,827K

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Attachment 4.19-B, Pages 2 &amp; 16a .....

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION  
OR ATTACHMENT (If Applicable):

Same

10. SUBJECT OF AMENDMENT:

Reimbursement to local governments for certain services

11. GOVERNOR'S REVIEW (Check One):

- ☐ GOVERNOR'S OFFICE REPORTED NO COMMENT  
☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED  
☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

☐ OTHER, AS SPECIFIED:

12. SIGNATURE OF STATE AGENCY OFFICIAL:

*Peary Handrich Jr*

13. TYPED NAME:

Mark B. Moody

14. TITLE:

Administrator, Division of Health Care Financing

15. DATE SUBMITTED:

June 2, 2004

16. RETURN TO:

Mark B. Moody  
Administrator  
Division of Health Care Financing  
1 W. Wilson St.  
P.O. Box 309  
Madison, WI 53701-0309

**FOR REGIONAL OFFICE USE ONLY**

17. DATE RECEIVED:

18. DATE APPROVED: *6/3/04***PLAN APPROVED - ONE COPY ATTACHED**

19. EFFECTIVE DATE OF APPROVED MATERIAL:

*1/1/03*

20. SIGNATURE OF REGIONAL OFFICIAL:

22. TITLE:

23. REMARKS:

1. The Reimbursement Methodologies are designed to enlist program participation by a sufficient number of providers so that MA recipients are assured that authorized medical care and services are available to the same extent those same services are available to the state's general population.
2. Program participation is limited to providers who accept as reimbursement in full the amounts paid in accordance with the rate methodology, or to providers who enter into contracts with the department to provide services for free or at a reduced reimbursement level.

E. Public Notice

In accordance with 42 CFR 447.205, the department will post public notice in advance of the effective date of any significant proposed change in its methods and standards for setting reimbursement rates.

F. Methods and Standards for Establishing Payment Rates for Non-Institutional Care

The Department will establish maximum allowable fees for the covered services listed below. Maximum fees may be adjusted to reflect reimbursement limits or limits on the availability of federal funding specified in federal law. Except as otherwise provided in the methods and standards for specific services set forth in this Attachment, for each covered service, the Department shall pay the lesser of a provider's usual and customary charge or the maximum fee established by the Department.

- \* 1. Physician Services
- 2. Chiropractic
- 3. Early and Periodic Screening, Diagnosis and Testing (EPSDT)
- 4. Medical Day Treatment, Mental Health and AODA Counseling (except physician services)
- 5. Optometrist/Optician
- \*\* 6. Private Duty Nursing
- 7. Transportation
  - \*\*\* a. Specialized Medical Vehicles
  - b. Ambulance
- 8. Laboratory and X-ray
- 9. Blood Banks
- 10. Dental
- 11. Audiology
- 12. Occupational Therapy
- 13. Speech Therapy
- 14. Physical Therapy
- 15. Family Planning Clinics
- \* 16. Nurse-Midwife Services
- 17. Ambulatory Surgical Centers

## 25. Reimbursement to Local Governments for Certain Services

Programs operated by local government units provide outpatient mental health and alcohol and other drug abuse treatment and other services, including services by a psychiatrist, medical day treatment services, AODA day treatment, child/adolescent day treatment, personal care services, case management services, community support program services, mental health crisis intervention services, prenatal care coordination services and/or home health services (or nursing services if home health services are not available).

Reimbursement for local government services, other than ambulance services, will be based on the provider's actual cost to provide the services. Interim rates will be established and providers will be required to complete yearly cost reports which will be used to make final cost settlements. The interim rate for CY 03 and CY 04 will be the current base rate. In the future, the Department may adjust the interim rate periodically to more closely reflect reported costs. Cost reporting will be based on the allowable cost and cost finding principles detailed in the Office of Management and Budget Circular A-87. If the reconciliation process results in an overpayment, the overpayment will be recouped from the provider. If the reconciliation process results in an underpayment, additional payment will be made to the provider not exceeding the provider's reconciled costs.

Reimbursement for ambulance services will be made through initial and supplemental payments. Initial rates for CY 03 and CY 04 will be the current base rate. In the future, the Department may adjust the initial rate periodically based on charge, cost and other relevant data. For ambulance services for which a comparable Medicare procedure code exists, total reimbursement shall be determined by the Department using a Medicare payment methodology. The Medicare payment methodology that will be used to calculate a final rate for CY 2003 and CY 2004 will sum the Medicare rate on file for the service (weighted 40%) and the average billed amount for Wisconsin municipal providers for the service (weighted 60%). The Medicare rate on file will be the Wisconsin specific Part B Medicare rate approved by CMS. For ambulance services for which no comparable Medicare procedure code exists, total reimbursement shall be the earliest rate on the Department's claims processing file for the service on or after January 1, 1990 trended forward by inflation. (Inflation factors used will be those published by Global Insight, Inc. or its successor.) Supplemental payments will be based on the difference between initial rates and total reimbursement as determined above. Supplemental payments will be made in lump sums and will occur in the fall of 2003 for services provided during the period following July 1, 2003. Thereafter, the Department will make supplemental payments to providers eligible for additional reimbursement on a periodic basis.

Effective 01/01/03